



Patrick W. Henning, Director
August 12, 2008
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Arnold Schwarzenegger
Governor

Mr. Mark Cafferty, President/CEO
San Diego Workforce Partnership, Inc.
3910 University Avenue, Suite 400
San Diego, CA 92105

Dear Mr. Cafferty:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the San Diego Workforce Partnership, Inc. (SDWP) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Mr. Gerald Lee and Ms. Stacy Corrales from February 25, 2008, through March 7, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SDWP with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with SDWP representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of sampled case files, SDWP's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on June 24, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed findings 3 and 4 cited in the draft report, no further action is required and we consider these issues resolved. In addition, SDWP adequately

addressed findings 2, 5, 6 and 7 cited in the draft report. However, these issues will remain open until we verify your implementation of your stated corrective action plan (CAP) during a future onsite review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 80104, 80107, 80108, and 80109.

Conversely, SDWP did not adequately address finding 1 cited in the draft report, and we consider this finding unresolved. We request that SDWP provide the Compliance Review Division (CRD) with a CAP to resolve the issue that led to the finding. Therefore, this finding remains open and has been assigned Corrective Action Tracking System (CATS) number 80103.

BACKGROUND

The SDWP was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, SDWP was allocated: \$5,270,890 to serve 1066 adult participants in PY 2006-07; \$5,750,952 to serve 810 youth participants in PY 2006-07; and \$4,895,044 to serve 1,216 in PY 2006-07 dislocated worker participants.

For the quarter ending December 31, 2007, SDWP reported the following expenditures for its WIA programs: \$1,451,319 for adult participants; \$685,192 for youth participants; and \$1,747,105 for dislocated worker participants. In addition, SDWP reported the following enrollments: 718 adult participants; 544 youth participants; and 733 dislocated worker participants. We reviewed case files for 144 of the 1995 participants enrolled in the WIA program as of February 25, 2008.

PROGRAM REVIEW RESULTS

While we concluded that, overall, SDWP is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Workforce Investment Board (WIB) and youth council composition, Management Information Systems (MIS), Equal Employment Opportunities (EEO), and grievance. The findings that we identified in these areas, our recommendations, and SDWP proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA 117(b)(2)(A)(i) states, in part, that the membership of each local board shall include representatives of business in the local area.

WIA 117 (b)(4) states, in part, that a majority of the members of the local board shall be representatives described in paragraph (2)(A)(i).

20 CFR 661.315 (d)(e) state, in part, that the chief elected official must appoint business representatives nominated by local business organizations and that a majority of the local board must be representatives of business.

Observation: We found that the San Diego Workforce Partnership WIB is composed of 48 members, of which only 21 are representatives of local business. Consequently, the LWIB is three members short of a business majority. The vacancies have been vacant since November 2004.

Recommendation: We recommended that SDWP WIB provide CRD with a CAP, including a timeline, for appointing the required business members currently not represented on the board. We also recommended that once these positions are filled, SDWP WIB provide CRD with an updated roster of all WIB members.

SDWP Response: The SDWP stated that CRD incorrectly indicated that the WIB is composed of 48 members. The SDWP provided the latest WIB roster and its Bylaws identifying 43 members including 22-business representatives.

In addition, SDWP states that various vacancies on the Board occurred throughout the years due to expiring terms and occasional resignations. Some of the vacant seats have been refilled and re-vacated and therefore, vacancies vary from year to year. Therefore, SDWP feels that the statement in the observation that vacancies have been vacant since November 2004 is also incorrect.

State Conclusion: Based on SDWP's response, we cannot resolve this issue at this time. At the time of our onsite review, SDWP provided a WIB roster of 48 members, including 21 business representatives. The SDWP provided an updated WIB roster as part of their draft response and a copy of the WIB Bylaws to CRD.

The SDWP's WIB Bylaws indicates that there are 43 members on its WIB board. However, included in the same response, SDWP's updated WIB roster indicated that their WIB roster decreased from 48 members to 45 members, but increased the

number of business representative by one to 22. Based on the most recent WIB roster, SDWP still lacks a business majority.

Therefore, we recommend that SDWP provide an explanation about the new information provided in its response or provide CRD with a CAP, including a timeline, for appointing the required business members currently not represented on the board. We also recommend that once these positions are filled, SDWP WIB provide CRD with an updated roster of all WIB members. Consequently, this finding remains open and assigned CATS number 80103.

FINDING 2

Requirement: 20 CFR Section 667.300(b)(1) states, in part, that a state or other direct grant recipient may impose different forms or shorter formats, shorter due dates, and more frequent reporting requirements on subrecipients.

Training and Employment Guidance Letter (TEGL) 17-05 states, in part, that the term program exit means a participant has not received a service funded by the program or funded by a partner program for 90 consecutive calendar days, and is not scheduled for future services. The exit date is the last date of service.

Additionally, TEGL 17-05 states, in part, that once a participant has not received any WIA funded or partner services for 90 days (except follow-up services, and there is no planned gap in service or the planned gap in service is for reasons other than those related to health/medical condition and delay in training) that participants must be exited from WIA. The exit date is the last date of WIA funded or partner received services.

Observation: We found 11 out of 144 case files reviewed showed a gap in services greater than 90 days. While SDWP attempted to contact these participants, no WIA funded services were provided during these gaps of time.

Recommendation: We recommended that SDWP provide the CRD with a CAP stating how it will ensure, in the future, that no more than 90 days will lapse between services provided to participants, or else exit the participants as of the last date of receipt of services.

SDWP Response: The SDWP stated that the One-Stop and Adult-Dislocated Worker service providers would be required to run a report on a monthly basis to stay in compliance with the "90-day no service" policy, stated in its contracts. A copy of the contract wording referring to this requirement would be forwarded to CRD by July 15, 2008.

The SDWP would conduct mandatory training for its case management software to its One-Stop and Adult-Dislocated Worker service providers and staff. The training would focus on the case management software and an overview of the current WIA policy and procedures and the transition to the integrated service delivery model and would include the requirement to run a monthly report to ensure they stay in compliance with the "90-day no service" policy, stated in its contracts.

State Conclusion: The SDWP's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, SDWP's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80104.

FINDING 3

Requirement: 20 CFR Section 667.399(b)(1) states, in part, that a State may impose different forms or formats, shorter due dates, and more frequent reporting requirements on subrecipients. Additionally, WIA Section 185(d)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

Observation: We found a case file where an incorrect outcome was entered on the Job Training Automation (JTA) Exit form. The case file documented that an individual exited and found employment working at a shipyard for 40 hours a week at \$10 per hour. On the Exit form, the data was inverted indicating the person was working 10 hours a week and earning \$40 per hour.

Recommendation: We recommended that SDWP revise and re-enter the participant's JTA Exit form to reflect an accurate wage amount and hours worked per week.

SDWP Response: The SDWP provided WIA data change request, and JTA follow-up information forms indicating the correction was made for the participant in question.

State Conclusion: We consider this finding resolved.

FINDING 4

Requirement: WIA136 Section (b)(2)(A)(iv) states, in part, that core indicators of performance for employment and training activities include the attainment of a recognized credential relating to the achievement of educational or occupational skills.

TEGL 17-05 states, in part, Credential - A nationally recognized degree or certificate or state/locally recognized credential. Credentials include, but are not limited to, a high school diploma, GED, or other recognized equivalents, post-secondary degrees/certificates, recognized skill standards, and licensure or industry-recognized certificates.

Observation: We observed that all participants who exited the customized training activity were reported as attaining a recognized certificate on the JTA Exit form. Since this is not a nationally or state/locally recognized credential, this outcome cannot be claimed on the JTA Exit form.

Recommendation: We recommended SDWP discontinue reporting certificate attainment as an outcome for participants enrolled in the customized training activity. Furthermore, we recommended that SDWP correct the "Attained Certificate" outcome claimed for individuals and exiting the customized training activity. The correction needs to be completed for all of PY 2007-08. Once completed, we recommended that SDWP provide documentation to CRD.

SDWP Response: The SDWP stated that effective immediately, it would discontinue reporting certificate attainment as an outcome for any active clients remaining in the Manpower customized training contract.

Additionally, a memo requesting the correction of the "Attained Certificate" outcome claimed for all 124 individuals exited from the Manpower customized training contract was submitted by the Metro Career Center Managers to the Workforce Partnership

Program Specialist, on June 9, 2008. The SDWP made changes in the JTA and in its case management software. The data change request for "Attained Certificate" outcomes, from the Metro Career Center Managers' resulted in changing 124 "Attained Certificate" outcomes.

On July 23, 2008, SDWP provided screen prints from its case management software that showed the "Attained Certificate" exit code was removed for a sample of 20 individuals enrolled in the Manpower customized training contract.

State Conclusion: We consider this finding resolved.

FINDING 5

Requirement: 20 CFR 667.399(b)(1) states, in part, that a State may impose different forms or formats, shorter due dates, and more frequent reporting requirements on subrecipients.

WIA 185(d)(B) states, in part, that reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

WIAD04-17 transmitted the WIA JTA system Client Forms Handbook. It requires, in part, that States should work with local Workforce Investment Boards to encourage certificates to recognize successful completion of training services.

Observation: We found a case file that did not include documentation to support the claim that the participant completed their enrolled activity. The participant was enrolled in non-WIA training. The JTA exit forms indicate the participants completed their non-WIA training. However, that was no documentation indicating the participant completed the non-WIA training leading to the claimed outcome.

Recommendation: We recommended that SDWP provide CRD with a CAP explaining how, in the future, it will ensure that data reported to the State includes all necessary and accurate information regarding the programs and activities in which the participant is enrolled. We also recommended that SDWP provide documentation indicating the participant completed the training or

revise and re-enter the participant's JTA Exit form to reflect the participant did not complete the training.

SDWP Response: The SDWP placed a post-exit note in its case management software that explains the discrepancy for the above participant in the case note, as well as the continued efforts and difficulties obtaining documentation. In addition, SDWP sent a memo to the East County Career Operations Manager to remind staff of case note and documentation requirements when exiting participants.

State Conclusion: The SDWP's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, SDWP's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80107.

FINDING 6

Requirement: 29 CFR 37.29(a)(2) states, in part, that a recipient must provide initial and continuing notice that it does not discriminate on any prohibited ground. This notice must be provided to participants.

WIAD07-06 states, in part, that initial and continuing notice of nondiscriminatory practices (29 CFR 37.30) and the right to file a complaint must be made available to each participant and included in each participant's file. A copy of the acknowledgment of receipt must be signed by the participant.

Observation: We observed that all case files contain the participant's signed acknowledgement of rights to file a nondiscrimination/EO complaint. However, for 137 out of 144 case files, there were no copies of SDWP's nondiscrimination/EO complaint policy in the case files.

Recommendation: We recommended that the CAP also address how SDWP will ensure, in the future, that a copy of the nondiscrimination/EO complaint procedures is included in each participant's case file.

SDWP Response: The SDWP stated that an operations issuance would be developed and issued requiring Youth service providers to keep copies of the nondiscrimination/EO complaint procedures in the

client's files by July 30. Once issued, a copy would be sent to CRD.

The SDWP states that they are no longer required to keep copies of nondiscrimination/EO complaint procedures, nor would it be required to keep participant's signed acknowledgement of their rights to file a grievance as per the Draft Directive, LLDD-10 Integrating reporting and program accountability.

State Conclusion: The SDWP's stated corrective action should be sufficient to resolve this issue. With the release of LLDD-10, this finding is resolved for adult and dislocated worker participants. In addition, SDWP stated corrective action should be sufficient to resolve this issue for youth participants. However, we cannot close this issue until we verify, during a future onsite visit, SDWP's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80108.

FINDING 7

Requirement: 20 CFR 667.600 states, in part, that the local area must provide information about its programmatic grievance and complaint procedures to participants and other interested parties.

WIA Directive (WIAD03-12) requires, in part, that the local grievance and complaint procedures and instructions on how to file a complaint must be included in each participant's file.

Observation: We observed that all case files contain the participant's signed acknowledgement of rights to file a grievance and complaint. However, there were no procedures in the case file to file a grievance or complaint.

Recommendation: We recommended that SDWP revise its grievance and complaint procedure to include the elements noted above and, provide a CAP stating how SDWP will ensure that the updated procedures will be included in future participant case files.

SDWP Response: The SDWP stated that it is developing a grievance and complaint procedure to meet the WIA requirements in WIAD03-12 that will apply to Youth participants.

The SDWP states that they are no longer required to keep copies of grievance complaint procedures, nor would it be required to keep participant's signed acknowledgement of their rights to file a grievance as per the Draft Directive, LLDD-10 Integrating reporting and program accountability.

State Conclusion: The SDWP's stated corrective action should be sufficient to resolve this issue. With the release of LLDD-10, this finding is resolved for adult and dislocated worker participants. In addition, SDWP stated corrective action should be sufficient to resolve this issue for youth participants. However, we cannot close this issue until we verify, during a future onsite visit, SDWP's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80109.

In addition to the findings above, we identified a condition that may become a compliance issue if not addressed. Specifically, SDWP has not appointed adequate labor union representatives to the Workforce Investment Board to ensure that labor union representation equals 15-percent of the WIB members or a letter indicating local board members fails to nominate enough members as required by SB 293 and specified in WIAD06-21. We suggest that SDWP continue its efforts to fulfill the labor union representation as required in WIAD06-21. In its response, SDWP did not address our concerns.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Division. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than September 10, 2008. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Division
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is SDWP's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable

Mr. Mark Cafferty

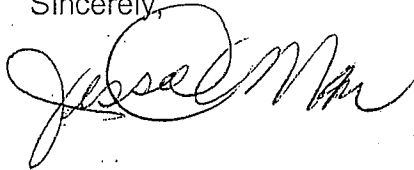
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State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SDWP's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Mr. Gerald Lee at (916) 654-8270.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Norma McKay, MIC 50
Gilbert Von Studnitz, MIC 50